



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of

No. D 06 - 235

Hussein Y. Fouad,

ORDER REVOKING LICENSE

Licensee.

TO: Hussein Y. Fouad
2469 Whitworth Avenue
Richland, WA 99352

IT IS ORDERED AND YOU ARE HEREBY NOTIFIED that your license is **REVOKED**, effective August 15, 2006, pursuant to RCW 48.17.530(1) (b), (e), and (h), and RCW 48.17.540(2).

THIS ORDER IS BASED ON THE FOLLOWING:

1. Hussein Y. Fouad ("Licensee") is a licensed agent authorized to sell property, casualty, life, and disability insurance in Washington.
2. From March 5, 2004 until September 27, 2005, the Licensee was employed as an agent for Farmers Insurance Group, Inc. ("FIG"). During his employment with FIG, the Licensee instructed and/or permitted employees at various used-car dealerships to solicit and/or sell Automobile insurance to consumers on behalf of the Licensee. Put differently, the Licensee utilized and relied upon employees and/or representatives of the used-car dealerships to solicit Automobile insurance to its consumers, and then complete the Automobile insurance application documents. The Licensee also permitted the used-car dealerships to collect the consumers' premium payments on behalf of the Licensee. In some instances, the Licensee was not present at the used-car dealership and/or did not communicate with the consumers when the insurance transactions occurred. The used-car dealerships and their representatives were not licensed to transact the business of insurance.
3. The Licensee sold, often in conjunction with the sale of the Automobile policies, Renter's and Variable Universal Life ("VUL") insurance policies to consumers

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without their knowledge and/or consent. In most cases, the consumers (some of whom had/have difficulty reading, writing, and understanding English) were told, and believed, that they were purchasing only Automobile insurance in order to fulfill the insurance requirements necessary for the release of the vehicles. Later, the consumers discovered that the Automobile insurance application documents that they were directed to sign and execute by the Licensee also included applications for Renter's and/or VUL insurance. The Licensee inflated the consumers' premium payments for the Automobile insurance in order to cover the applications for the Renter's and VUL insurance. The consumers believed that the insurance premium monies provided to the Licensee applied only to the purchase of Automobile insurance.

4. The Licensee converted \$50.00 of the cash premium collected from one of the affected consumers at a used-car dealership into a cashier's check when he submitted the consumer's VUL application.
5. The Licensee submitted and/or issued Renter's and VUL insurance policies to consumers that declined his efforts to solicit and sell the Renter's and VUL insurance policies.
6. The Licensee forged, altered, and/or falsified the signature of at least one consumer in the consumer's insurance application documents. The Licensee then submitted the forged, altered, and/or falsified insurance application documents.
7. The Licensee provided false and/or misleading information relative to the VUL insurance applications of at least two consumers. For example, the Licensee listed a consumer's yearly income as \$30,000 instead of the actual income amount of \$19,000. As another example, the Licensee listed a consumer's yearly income as \$25,000 instead of the actual yearly income amount of \$19,200, and also improperly listed the consumer's spouse as unemployed.
8. The Licensee violated the following regulations and provisions of the insurance code:
 - a. The Licensee violated RCW 48.01.030 by acting in bad faith, by engaging in deceptive and/or dishonest and/or inequitable acts or practices, and by failing to preserve the integrity of the business of insurance.
 - b. The Licensee violated RCW 48.30.010(1) by engaging in unfair or deceptive acts or practices in the conduct of the insurance business.

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- c. The Licensee violated RCW 48.30.040 by knowingly making and/or disseminating a false, deceptive or misleading representation in the conduct of the business of insurance, or relative to the business of insurance or relative to any person engaged therein.
- d. The Licensee violated RCW 48.30.090 by making, issuing, or circulating, and/or causing to be made, issued, or circulated, misrepresentations of the terms of insurance policies or the benefits or advantages promised thereby, and misrepresenting the nature of a name, title, or class of policies.
- e. The Licensee violated RCW 48.30.190 by willfully collecting as premium for insurance sums in excess of the amount actually expended for insurance applicable to the subject on account of which the premium was collected.
- f. The Licensee violated RCW 48.30.210 by knowingly making a false or misleading statement and/or by willfully failing to reveal a material fact related to an application for insurance to an insurer.
- g. The Licensee violated RCW 48.30.210 by falsifying information on insurance applications and submitting information on insurance applications that the Licensee knew to be false.

By reason of your conduct, and your violations of Title 48 RCW, you have shown yourself to be, and are so deemed by the Commissioner, untrustworthy and a source of injury and loss to the public and not qualified to be an insurance agent in the State of Washington. Accordingly, your license is revoked pursuant to RCW 48.17.530(1) (b), (e), and (h), and RCW 48.17.540(2).

IT IS FURTHER ORDERED that you immediately return your insurance agent's license certificate to the Commissioner on or before the effective date of the revocation of your license, as required by RCW 48.17.530(4).

NOTICE CONCERNING YOUR RIGHT TO A HEARING. Please note that a detailed summary of your right to contest this Order is attached. Briefly, if you are aggrieved by this Order, RCW 48.04.010 permits you to demand a hearing. Pursuant to that statute, and others, you must demand a hearing, in writing, within 90 days after the date of this Order, which is the day it was mailed to you, or you will waive your right to a hearing. Your demand for a hearing must specifically state the reasons why you think this Order should be changed. If your demand for a hearing is received by the Commissioner

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before the effective date of the revocation, then the revocation will be stayed (postponed) pending the hearing, pursuant to RCW 48.04.020. Upon receipt of your demand for hearing, you will be contacted by an assistant of the Chief Hearing Officer to schedule a teleconference with you and the Insurance Commissioner's Office to discuss the hearing and the procedures to be followed.

Please send any demand for hearing to the Insurance Commissioner, Attention John Hamje, Deputy Insurance Commissioner, Office of the Insurance Commissioner, P.O. Box 40257, Olympia, Washington 98504-0257.

ENTERED AT TUMWATER, WASHINGTON, this 26th day of July, 2006.

MIKE KREIDLER
Insurance Commissioner

By

JOHN F. HAMJE
Deputy Insurance Commissioner
Consumer Protection Division

Investigator: Tom Talarico

DECLARATION OF MAILING

I certify under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery of a true copy of this document to **Hussein Y. Fouad**.

Dated: July 26, 2006
At Tumwater, Washington

Victoria Estrada
Victoria Estrada

NOTICE OF YOUR RIGHT TO A HEARING

You have the right to demand a hearing to contest this Order. During this hearing, you can present your argument that the Order should not have been entered for legal and/or factual reasons and/or to explain the circumstances surrounding the activities which are the subject of this Order. You may be represented by an attorney if you wish, although in some hearings before this agency parties do choose to represent themselves without an attorney.

Your Demand for Hearing should be sent to John F. Hamje, Deputy Insurance Commissioner, Office of the Insurance Commissioner, P.O. Box 40257, Olympia, WA 98504-0257, and must briefly state how you are harmed by this Order and why you disagree with it. You will then be notified both by telephone and in writing of the time and place of your hearing. If you have questions concerning filing a Demand for Hearing or the hearing process, please telephone the Hearings Unit, Office of the Insurance Commissioner, at 360/725-7002.

Your Demand for Hearing must be made within 90 days after the date of this Order, which is the date of mailing, or your Demand will be invalid and this Order will stand. If your Demand for Hearing is received before the effective date of this Order, the penalties contained in the Order will be stayed (postponed) until after your hearing.

It is important to know that if you demand a hearing, you will have two options for how it will be handled:

Option 1: Unless you specifically request Option 2, your hearing will be presided over by an administrative law judge from the Office of the Insurance Commissioner. Under this option, upon receipt of your Demand for Hearing, the Insurance Commissioner may refer the case to an administrative law judge. The administrative law judge is an individual who has not had any involvement with this case. The administrative law judge will hear and make the final decision in the case without any communication, input or review by the Insurance Commissioner or staff or any other individual who has knowledge of the case. This administrative law judge's final decision may uphold or reverse the Commissioner's action or may instead impose any penalties which are less than those contained in the Order.

Option 2: If you elect, your hearing will be presided over by an administrative law judge from the Office of Administrative Hearings. That administrative law judge will issue an initial or recommended decision which will then be sent to the Insurance Commissioner. The Insurance Commissioner, or his designee, will review the initial decision and make the final decision. The Insurance Commissioner's final decision in the case may uphold, reverse or modify the initial decision, thereby changing the penalty which is recommended in the initial decision. In writing the final decision, the Insurance Commissioner is not bound by the findings of facts or conclusions of law which were made in the initial decision.